Summary of "Wireless Technology Investment and Digital Dividends Act"
Sponsored by Representative Edward J. Markey (D-MA)
Ranking Democrat, House Subcommittee on Telecommunications and the Internet

The "Wireless Technology Investment and Digital Dividends Act" is being introduced to advance three key goals:

- Creation of a permanent public interest trust fund -- built with the proceeds from the auction of licenses to the public's airwaves, fund would support grants to promote educational technology initiatives and access, as well as to advance other public interest telecommunications objectives;

- Establishment of "Spectrum Commons" -- promoting innovation and entrepreneurial activity by establishing bands of frequencies as a "spectrum commons," i.e., unlicensed airwaves for unfettered public use as an open wireless platform for communications (Proposed "commons" comprises a band of 20 MHz below 2GHz as well as between 3 and 500 MHz from the area above 2 GHz yet below 6 GHz);

- Recapturing wireless policymaking from unrelated budgetary initiatives – Putting 'policy horse back in front of the auction cart,' bill would ensure that telecommunications policy objectives and goals – such as the transition to digital television and freeing up of additional spectrum for so-called "3G" mobile services, public safety use, and other cutting edge wireless services – are established first, and auctions scheduled second.

Digital Dividends Trust Fund

The public deserves to reap the benefits of the sale of licenses to its airwaves, not only in the offering of new commercial services or the temporary infusion of cash into the Federal treasury. The public should also enjoy the "dividends" that can be reaped by reinvesting money raised through use of a public asset in a manner designed to promote educational technology projects, educational software R&D, as well as initiatives addressing the digital divide. The bill creates a permanent trust fund (the "Digital Dividends Trust Fund") from wireless auction revenue to fund such public interest telecommunications initiatives. Splitting the grants into two general categories – "human capital telecommunications investments" and "broadband infrastructure investments for public access and rural development" – the Digital Dividends Trust Fund authorizes grants for the following initiatives:

- Training of teachers & other personnel at schools and libraries eligible for E-rate funding;

- R&D for cutting-edge educational software designed to enhance learning in schools;

- Digitizing educational materials held in our nation's libraries, archives, and museums; Technology projects supported by volunteers enrolled in AmeriCorps;

- Projects enhancing the access of individuals with disabilities to advanced telecommunications services; Retraining workers and unemployed individuals with skills applicable to the new economy;

- After-school programs for youth focused on computer literacy and interaction;

- Local and regional programs to expand access to advanced telecommunications in areas available to the general public;

- Broadband deployment to low-income housing and community centers and to unserved rural areas; and,

- Conversion of public radio and television broadcasting stations to digital broadcasting technology.

Spectrum Commons

The legislation establishes a "Spectrum Commons." High tech manufacturers, entrepreneurs and the proverbial 'kid in the garage' could make more robust use of wireless communications if sufficient spectrum were available in unlicensed form for the general public. The bill requires the FCC to establish a 20 MHz band of contiguous frequencies below 2 GHz as well as between 3 to 500 MHz between 2 GHz and 6 GHz – a swath of the airwaves that would remain open to the public and unlicensed. Such a public set-aside could foster the formation of an open platform for innovation, entrepreneurial activity, and public communications. It would also militate against unhealthy consolidation of spectrum in the hands of too few providers.

An unlicensed area of the airwaves will permit the public, through the use of 'smart' radio technology and better receiver equipment, to harness the airwaves for countless applications if the government is willing to give back to the public a portion of its own airwaves in such an unlicensed format. From "wi-fi" technology and low power "Bluetooth" wireless connections, to so-called "802.11b" protocols, wireless local area networks and Net connections, utilization of publicly available airwaves can help connect people and businesses in cost-effective and spectrum efficient ways. The "Spectrum Commons" will also help to propel economic growth and innovation by opening up the airwaves to new marketplace entry by individuals and entities unaffiliated with established network providers.

Re-establishing Wireless Policymaking

Since Congress first enacted legislation in 1993 to permit the Federal Communications Commission (FCC) to distribute certain airwave licenses to the public through the use of auctions, the FCC has used this licensing mechanism numerous times and the U.S. Government has reaped billions of dollars for general revenue purposes. The initial principle behind auctions was to enhance telecommunications policy goals through the efficient licensing of frequency spectrum, where the revenue an auction raised represented an additional beneficial dividend to the taxpayer.

Over time, however, the use of auctions has become perverted. They are increasingly advocated primarily for purposes of raising general revenue irrespective of whether such auctions advance sound telecommunications policy. Moreover, the money raised from auctions has been sent directly to the U.S. Treasury. The money from telecommunications auctions was not reinvested in order to enhance our democracy, bridge the digital divide, or promote public interest telecommunications projects. Instead, the auction of licenses for use of the public's airwaves has been subjected to the alchemy of budget scorers intent on transforming thin air into gold.

Legitimate telecommunications policy objectives are often undermined by proposals to auction certain slices of the airwaves on a date dictated by budgetary scoring needs. Instead, auctions should only be scheduled once the appropriate telecommunications policy goals have been agreed upon and the conditions necessary for successful licensing through auctions have been secured.

This legislation requires the FCC, prior to scheduling upcoming auctions, to take action to achieve the timely transition to digital television by establishing rules governing must-carry issues, minimum programming and broadcasting requirements, and digital television receiver benchmarks. It also directs

the NTIA and the FCC to take action to secure additional spectrum for advanced wireless services – including mobile services such as so-called "3G" services. Sound telecommunications policy, consistent with the public interest, would be greatly furthered by putting the "policy horse" back in front of the "auction cart." The bill re-establishes this principle in wireless policy.